



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

LABOR ADJUSTMENT UNDER WAR CONDITIONS¹

V. EVERIT MACY

Chairman, Shipbuilding Labor Adjustment Board

THERE is nothing particularly characteristic of the labor problem in the shipbuilding yards that is not equally true of other industrial occupations. I agree with the last two speakers that there is greater harmony and a more unified point of view coming between capital and labor. I wonder less at the strikes we have had than at their fewness under the present trying conditions. But I also want to emphasize the point that the government must take a greater part in industry if we are to win the war, it has got to take control of the labor program as well as the program of priority, the supplies and fixing prices. It must have a national labor program. It has got to follow the example of England and have a national program, after agreement with the recognized leaders of labor, so that there may be a general uniform policy. It is absolutely out of the question to ask the men to give up this privilege or that right, or to abandon the regulations their organizations have set up if the government is not going to see that by giving up various advantages, their standard of living will not be lowered. There must be some guarantee from the government, through agreement with organized labor, that the men will be protected.

Possibly the reason that we are slow or seem slow to some of us, in getting all our forces to work, is because we must change our method of thought, our entire psychology, in war times is different from peace methods and peace ideas. We must think in larger units, consider not local or personal matters, but what is the best policy for the nation as a whole. We must give up our individual ambitions and sink them in the common cause. It may sound revolutionary to tell an employer the minimum wage that he can pay his employees; it may sound equally revolutionary to the men not to be able to take advantage of supply and demand and get the highest possible price for their labor. But those are policies that must be arranged by agreement between the government and the men themselves, so that we can have a

¹ Address at the meeting of the Academy of Political Science, December 15, 1917.

unified policy to carry us through the war period without any interruption to industry, and produce the greatest output. I will illustrate by the experience of the Labor Adjustment Board.

The very formation of the board was a step in the right direction, because it is a step toward a national policy; but it should be extended to other industries. The board was created by mutual agreement between the Navy Department, the United States Shipping Board, the American Federation of Labor, and the various international presidents of the unions whose members are at work in the shipyards. It is a board of three members, the chairman appointed by the president of the United States, one member by joint agreement between the Navy Department and the United States Shipping Board, and one member by Mr. Gompers, as president of the American Federation of Labor. Our board was brought into existence in the latter part of August. Almost immediately thereafter strikes developed on the Pacific coast, in Seattle, Portland and San Francisco. The strikes occurred at that particular time because the unions and the employers in Seattle and San Francisco were working under annual agreements and those agreements expired in September; one on the first of September, and one on the fifteenth. Owing to the great increase in the cost of living, the men were asking a large increase in wages.

The conditions varied in different places. The difficulties of the shipbuilding program are similar to those of other industries, though many problems are exaggerated in the shipyards because the shipping industry has been of mushroom growth. In Seattle two years ago there was only one steel shipbuilding yard, and now there are four. There are also about twenty yards building wooden vessels. In Portland there was formerly one yard building steel vessels; now there are three, and there are many others building wooden vessels. In San Francisco there were two old steel yards and no yards building wooden vessels. These old yards have been much enlarged. Two years ago the maximum estimate of the number of shipwrights on the coast was possibly three hundred. I suppose there are now employed in the wooden shipyards on the coast probably 15,000 men, 3000 of whom are called shipwrights. These new yards springing up in this short time followed the policy now so common in industry of stealing men from other yards; every new yard that came up built up its force by disorganizing the forces of the yards that already

existed. They went so far as to have sandwich men out in front of an old yard, at lunch time, offering the men twenty-five and fifty cents more if they would leave that yard and come into their yard. That naturally did not increase the number of men, or help get out the increased tonnage. It had quite the opposite effect by destroying the organization of the old yards.

That condition is not confined to the Pacific coast. On the Delaware River, and at several other places on the Atlantic coast, shipyard owners have come to us and asked us to get them together in an organization, in order to stop this practice of stealing men. We said, "Why don't you do it yourselves?"—They replied, "We can't agree. I want to pay a little more to this man and my competitor wants to pay a little less, or he thinks he won't get so many men if he pays the same price that I do." It is absolutely beyond the control of the individual plant. The government must control.

Here is another problem. Considering the large number of shipbuilding yards now in the country, it would be absolutely impossible for one adjustment board, or four or five boards, to keep harmony in these yards, unless we can get a more or less uniform basis of conditions and wages covering large districts. So when we went out to the Pacific coast we had in mind the possibility of establishing a uniform wage, and much to our delight we found that the one point on which both employers and men unanimously agreed was that they wanted a uniform wage for the entire coast.

Under our old system of individual privileges and rights and individual development, conditions not only varied in the same yards, and in the same locality, but they varied very largely from place to place. In Seattle, where the growth of yards had been more rapid and where there had therefore been more competition for men, the rates established in the agreement between the unions and employers during the previous year had been lost sight of within twelve months, and the employers were paying far in excess of the rate established. In Portland, where the men had not only no organization, but where there was an active non-union sentiment, there was also great competition for labor, and though wages were lower than in Seattle, they were still well above the old scale. In San Francisco, owing to the size of the city, the larger labor market to draw from, and less competition for men, wages had remained much the same as under the old

agreement. In Los Angeles, where there was no labor organization at all, wages were much lower. We found therefore all kinds of conditions to deal with.

As we are a national board, our problem was to find some basis upon which we could render decisions and adjust difficulties all over the country, some principle that we could apply everywhere and that would not result in our simply haggling with the men as to how little we could give to satisfy them, but would do justice in each place. We finally decided that the only method to employ was to grant an increase in proportion to the cost of living. So we took as our basic standard the wage determined in the agreements that had just expired, and then went back to the beginning of those agreements, because wages in those agreements were based on the cost of living at the time agreements were made. We figured the increase in the cost of living during the twelve months that had elapsed, and added that amount to the basic scale that the men themselves had agreed upon with their employers. In this way we fixed the wage that we put into effect for the entire coast.

We took that basic wage, as I say, from the agreements in Seattle and San Francisco, because that wage had been arrived at by mutual agreement between the men and their employers through their own organizations; therefore we assumed that it was as nearly a fair and equitable wage as could be arrived at. We did not feel that we should take wages in Portland and Los Angeles as a standard, because the men in those cities were unorganized, and the wage consequently represented simply what the employer could get a man to work for.

If the chaotic condition that permitted the stealing of labor from one employer to another is to continue in all industry, the fixing of a uniform wage by a board such as ours will not last long, because, even though shipyard employers do not raise the wage, outside employers will do so.

There is still another matter that is difficult to adjust. In the shipyards the government is the only purchaser, or you might say the only employer—whichever way you wish to put it. All the boats are being built for the government. Therefore, if we raise the wage in the shipbuilding industry, the government pays the bill, unless there is some special contract with the yard owner which requires that he should do so. But the man making the engines and the boilers for these ships in many of the machine

shops and foundries outside the shipyards has no direct contract with the government. Yet in order to have our ships go to sea, it is as necessary to have these boilers as to have a hull. The mechanics employed in these shops will demand the same wage as those employed on the construction of the hulls, yet the employer is not reimbursed by the government, as his contract is with the builder of the hull and not with the government. A wage fixed in one place in one industry may therefore be a grave injustice to another industry. Instead of getting out greater tonnage by fixing a certain wage in the shipyards, you may be getting out less because you may disrupt the industries that are equally necessary to the finished article.

Additional confusion results from the fact that all industries are now bidding for labor. For instance, in the Gulf states, some shipyard owners came to us only a short time ago, who were complaining that they did not have enough carpenters in their particular district; yet some other department of the government had let contracts for a large number of portable houses which would require twenty-five hundred carpenters to build, and the private contractors were coming into the shipyards and taking carpenters away. There should be some method of establishing priority in labor, as well as in material.

In several strikes that occurred recently the Navy Department and the army and the Fleet Corporation have all been involved, but as yet there is no central method of handling these questions. In at least two instances the navy and the army did not know what the Fleet Corporation was planning to do or the terms on which it was trying to settle its difficulties; in another instance the Treasury Department and the army and navy were involved. In many of these departments several of their subdivisions have different methods of handling labor disputes. They are all acting independently of one another, which simply adds to the confusion.

Wage adjustment is only one side of the problem. The other is the supply and distribution of labor. The shipyards need at least 200,000 more workmen in the next three or four months. Where are they to get those workers, and from what industries should they come? The policy of offering a bonus or inducement to draw men promiscuously into a certain industry is a dangerous one. You may draw men into the shipyards, but you may at the same time take them out of the boiler shops or the machine

shops that are supplying the equipment for the boats. As the result of your bonus or inducement, you may actually be getting not more, but less tonnage.

Another evil has sprung up in connection with the methods of securing workers. The unions, naturally trying to maintain their standards, in some localities demand that the yards should get their additional employees through the labor unions. Certain employers in those districts objected, for the reason that they found, or thought they did, that other yards were getting the better men, while the poorer ones were sent to their yards. This naturally created jealousy among the yard owners. On the other hand, many yard owners maintained their own employment exchanges and discriminated against any man belonging to a union. These conditions cause distrust and confusion.

To sum up the problem of labor adjustment of wages and conditions of employment, I believe that all government departments should agree with organized labor on the establishment of boards similar to our Shipbuilding Labor Adjustment Board. This might result in half a dozen such adjustment boards, and there should be one supreme board in Washington above all the others. Whether you establish district boards or boards for various industries, these boards must act under common regulations; otherwise you will get conflicting decisions and conflicting awards, in which case you might draw men from one entire industry into another. An organization such as I suggest would permit of immediate attention to questions when they arise, and would give an opportunity of fair hearing to both sides. Either side that felt aggrieved by the decision of a local or industrial board would have one appeal to the supreme board; and it is only human nature to think you should have one re-hearing. In addition to that, no board is ever infallible, so it is only just to allow of one appeal, and to have a board of appeals covering the entire country.

There should also be developed a wide extension of the federal employment exchanges so that a comprehensive survey of the available labor and its location could be made. Such agencies could see that labor was drawn into the shipyards or other industries requiring it, and that it was taken, not from equally essential industries, but from non-essential ones. If attached to these central labor agencies there were an advisory committee composed of representatives of organized labor and of employers,

the interests of all sides would be protected. By the establishment of these two forms of organization, one for the adjustment of difficulties and one for the supplying and distribution of labor, our industrial efficiency would be much increased.

Finally, by having agreements with organized labor, we should be taking a step toward democratizing our industries, which, while we are fighting for democracy, seems a most appropriate accomplishment.